

BUSINESS, TRANSPORTATION, AND HOUSING

The programs within the Business, Transportation, and Housing Agency promote the state's business and economic climate, transportation infrastructure, affordable housing, and patients' rights. The Agency also includes public safety programs, including the Department of Motor Vehicles, the California Highway Patrol, and the Department of Alcoholic Beverage Control. Funding for all programs is approximately \$19.9 billion, which is derived largely from special fund revenues, federal funds, and bond proceeds.

BTH AGENCY SECRETARY

The Secretary for the Agency oversees and coordinates the activities of 13 departments and several economic development programs and commissions. The Agency also directly administers several programs, including the Small Business Loan Guarantee Program, tourism promotion, the Infrastructure Bank, and the film commission.

ADOPTED SOLUTIONS

- Reduced Small Business Loan Guarantee Program—A decrease of \$20 million General Fund in 2010-11 given the large infusion of new federal funds and the need for General Fund savings.

DEPARTMENT OF TRANSPORTATION

The Department of Transportation (Caltrans) designs and oversees the construction of state highways, operates and maintains the system, funds three intercity passenger rail routes, and provides funding for local mass transit projects. Over 15,200 miles of highways and 12,000 state bridges are maintained, and 809 public-use and special-use airports and heliports are inspected. The largest sources of funding for transportation projects are excise taxes paid on fuel consumption, federal funds also derived from fuel taxes, and weight fees on trucks. Bond funds currently provide more than 32 percent of the total funding available for projects.

The 2011 Budget Act provides \$13.9 billion in state, federal, and bond funding for transportation, including \$4.2 billion for the operation and maintenance of the state highway system and the state's intercity rail service and \$9.7 billion for various state and local infrastructure projects.

ADOPTED SOLUTIONS

- **Excise Tax for Fuel Sales Tax Swap**—The 2010 Budget Act included funding from fuel excise taxes to reimburse the General Fund for the cost of debt service on transportation-related state bonds. Enactment of Proposition 22 in November 2010, precluded the use of excise taxes for debt service or loans. In response, Chapter 6, Statutes of 2011, funds transportation-related debt service and makes loans to the General Fund from weight fees on trucks and other revenues that are not restricted as gasoline taxes are. The Budget provided \$903.5 million in General Fund relief in 2010-11 in addition to the \$799.6 million in General Fund relief achieved prior to enactment of Proposition 22.
- **Debt Service Offset**—Pre-Proposition 22 debt service reimbursement from fuel excise taxes and post-Proposition 22 debt service reimbursement from weight fees and other revenues are expected to provide a total of \$714.9 million in General Fund relief in 2010-11. Weight fees and other revenues will provide another \$777.5 million in General Fund reimbursements for debt service costs in 2011-12.
- **Special Fund Loans**—A loan of \$550.8 million in 2010-11 and \$210 million in 2011-12 is provided from weight fee revenues. Repayment of \$971 million in weight fee loans made in recent years is delayed until the funds are needed to fund debt service on transportation bonds or June 30, 2021, and repayment of \$357 million in non-weight

fee loans made from the State Highway Account and the Public Transportation Account is also postponed until as late as June 30, 2021.

HIGH-SPEED RAIL

The High-Speed Rail Authority (Authority) is responsible for the development and construction of a high-speed passenger train service between San Francisco and Anaheim (Phase I), with extensions to San Diego and Sacramento and points in-between (Phase II). Proposition 1A, enacted in November 2008, authorizes \$9 billion in bond proceeds for the rail lines and equipment, and an additional \$950 million for state and local feeder lines. The federal government has awarded the Authority nearly \$3.5 billion, most of which has been designated to fund portions of the project in the Central Valley.

The 2011 Budget Act will allow the Authority to continue to work on design and environmental studies and to work with communities on issues related to the right-of-way for Phase I and portions of Phase II of the project. The Budget Act provides \$16.6 million Proposition 1A bond funds in state operations and \$138.6 million (\$72 million Proposition 1A bond fund, \$66.6 federal funds) in capital outlay funding for a total of \$155.2 million for 2011-12. This will fund the Authority's administrative and legal costs, as well as contracts for program oversight, environmental outreach and communication, and financial consulting. The capital outlay funding will be used for environmental work and preliminary design and engineering for the seven Phase I segments and two Phase II segments.

DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles has a budget of approximately \$945.9 million and 8,251 employees to provide vehicle licensing, drivers' license, and other vehicle-related services.

ADOPTED SOLUTIONS

The Budget includes the following significant changes:

- Reallocation of Motor Vehicle License Fee to support Local Law Enforcement Realignment—\$300 million will be shifted from departmental support costs to local public safety programs.

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- Vehicle Registration Fee Increase—An increase in registration fees of \$12 per vehicle will be implemented, which will generate approximately \$348 million in annual revenue. This will fully fund the Department's vehicle registration program.